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Ms Rebecca Wallace
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24 August 2006

Dear Ms Wallace

Feedback Statement on the Resilience Benchmarking Project Discussion Paper and the Business Continuity Management Practice Guide

We responded to the Tripartite Authorities December 2005 *Resilience Benchmarking Project* Discussion Paper in March this year and now welcome the opportunity to comment on the Feedback Statement and the draft Business Continuity Management Practice Guide.

It was disappointed to read that few responses were made on the DP considering the importance of the subject matter. However, it is likely that those that would have responded had taken part in the benchmarking exercise or had attended the feedback workshops and passed their comments on in this way. We note that these comments have been accounted for in this FS.

The FS comments that: "Overall the feedback we received, whether orally or in writing, was remarkably consistent. Respondents were highly supportive of the benchmarking exercise and the conclusions that were published in the Discussion Paper". We consider that this was largely due to the approach that the Authorities took in the preparation of this project - close co-operation between participating firms and the authorities - a matter we commended in our March response and continue to encourage.

Involving critical non-financial infrastructure providers

We are pleased to see that the Authorities will be taking work forward in areas such as utilities, telecoms and power as well as leading on encouraging market participants to develop more integrated testing plans to include third party suppliers. In our March response we saw this as a difficult matter for the Authorities to address but are encouraged by the positive statement in the FS and look forward particularly to the output from the work on infrastructure providers sharing information with their customers.

Recovery targets

We support the proposal to introduce guideline targets for core firms and market infrastructure providers in relation to wholesale payments, trade clearing and settlements. We consider the message in the FS for firms with significant wholesale payments, trade clearing and settlements functions - "to aspire towards meeting them" - needs to be promoted publicly whenever the opportunity arises. We consider that at this stage the FSA is right to limit the targets for recovery and not apply them to other functions.

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Encouraging more testing

We recognise that the industry will need to do more itself if the "enthusiasm for running smaller, more focused tests" is to be realised. The Authorities support in encouraging the industry to undertake such testing is welcomed whilst accepting that self-help is the order of the day.

Location of recovery sites

We were encouraged to see that there is recognition that "distance is not the most critical factor when determining the location of recovery sites" and the particular problems London presents. The FS helpfully sets out some other matters that should be taken into account and points out the need for firms "to think creatively about how they might diversify their arrangements in order to mitigate those risks". Our Members have concerns over what they refer to as "the financial services cluster risk" - sites too close to a financial services cluster where even if a firm's offices are in a different cluster there remains a risk. We were pleased therefore to see that the FSA has commenced its work in this area, particularly focussing on the issues around syndicated recovery space, and look forward to the output later this year.

Comment on the draft Business Continuity Management Practice Guide

We welcome the production of this Practice Guide which shares the expertise of the major firms that took part in the benchmarking exercise and should prove to be a valuable "toolkit" document for all firms. We consider that the introductory text clearly sets out the purpose and status of this guidance and that the "How to use the Guide" usefully describes the benchmarking process. Generally we consider the Guide to be a considerable contribution towards ensuring improved resilience in the financial services sector.

We were particularly attracted to the classifications used in the Guide, namely "Observed standard practice" and "Observed leading practice" and how this should be implemented - taking a risk based approach to business continuity planning. We also appreciated the considerable thought that had gone into the presentation of the guidance which makes it relatively straightforward to follow while conveying a significant amount of data in a concise manner - this is particularly beneficial for the new to subject reader or for those needing an "informed brief" based on real leading practice. The Guide shows the significant benefits that are obtained by all parties working together with a well defined common objective - close co-operation between the participating firms and the authorities in a planned and organised project benefits everyone.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P J Martin' followed by a stylized flourish.

Paul Martin
Director